

SECRET

25X1

10 May 1982

MEMORANDUM FOR: Director of Central Intelligence
FROM : National Intelligence Officere for Latin America
SUBJECT : Cuban/Nicaraguan Subversion in Costa Rica

As you requested during our discussion this morning, an overview of our information follows:

Despite last year's break in relations with Costa Rica, Castro's operatives have the necessary infrastructure to support clandestine operations designed to destabilize the Monge administration. Havana and Managua are concerned over Monge's willingness to counter communist propaganda in regional and international forums and to invoke the Rio Treaty to defend Costa Rica's borders. The Costa Rican economic crisis is therefore opportune and gives Cuba the option of attempting to push the generally non-violent Costa Rican Communist Party (PVP)--which effectively controls 50,000 workers--toward destabilizing actions against the economy--including work stoppages, demonstrations, and violent strikes.

25X1

25X1

25X1

25X1

The isolation and possible pro-Sandinista sentiment of Guanacaste is particularly fertile ground for subversion. Over the last eight months, we have received increasing indications that camps in the region are being used to train Salvadoran insurgents and that arms increasingly enter the area by air, and to a lesser extent, by sea. In addition, the Sandinistas

SECRET

25X1

SECRET

25X1

appear to be making greater use of "squatters" to take over ranches along the inter-American highway. Recent discoveries of large arms caches in the San Jose area also have generated concern that some of the arms may be intended for use by local Costa Rican terrorists.

25X1

Att: (1)

SECRET

25X1

Nicaragua Report

Managua About This

By Christopher
Washington, Nicaragua,
States the Sandinist
leftist guerrillas in E.
points of difference.

The agreement ca-
spose to an eight-point
points put forth by
April.

The Regan admin-
charges that Nicaragua
to Salvadoran rebels.
Nicaragua, have be-
block in attempts to
between the two govern-
In a diplomatic no-
to the State Departm.
bassador Francisco Fi-
did not concede that
aided the Salvadoran
stepped the question
rather than issuing a
once again for flexibi-
negotiations that would
vions conditions regard-
Sources familiar with
recent note to Nicaragua
issue said it offered the
aragua could end its ar-
arms trafficking to El S.
any public admission.
Nicaragua's only fl.
for talks was that
Amniotic initiative.



New Dangers, Opportunities in the South As U.S. Attention Shifts, Central America Sees

By Don Oberdorfer

Washington Post Staff Writer

While U.S. attention in the hemisphere has shifted to the South Atlantic, four volatile countries of Central America are still undergoing the turbulent changes that made them so much the focus of Reagan administration concern.

Developments of the past six weeks, many of them unexpected, have created new dangers as well as new opportunities for a U.S. policy of "drawing the line" against revolutionary changes in the hemisphere. Official Washington, however, is only beginning to come to grips with altered circumstances.

This sense of rapid change, which is outrunning the limits of previously established U.S. policy and even of much of the domestic controversy about it, is among the strongest impressions arising from an 18-day visit to El Salvador, Guatemala, Honduras and Nicaragua.

As viewed from the region, both the administration's central political-economic enterprise, the Caribbean Basin Initiative (CBI), and the central demand of its congressional critics, a negotiated settlement of the Salvadoran civil war, appear inadequate and even largely irrelevant to conditions now at hand.

For a first-time visitor, two underlying

feels s... I out about this band of coun-

try... and Costa Rica, Pan-